

Message Text

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PAGE 01 STATE 119014
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FM SECSTATE WASHDC

TO AMEMBASSY SAN SALVADOR IMMEDIATE

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FOR DEPUTY ASSISTANT SECRETARY SALLY SHELTON BUREAU FOR
INTER-AMERICAN AFFAIRS

FOLLOWING REPEAT MANAGUA 02086 SENT ACTION SECSTATE INFO SAN JOSE
MAY 5, 1978.

QUOTE: LIMITED OFFICIAL USE MANAGUA 2086

E.O. 11652: NA

TAGS: CARR, PINT, SHUM, CS, NU

SUBJECT: TEODORO PICADO LARA RELEASED FROM JAIL; POSSIBLE
IMPLICATIONS FOR CHARITON CASE

REF: (A) MANAGUA 2052; (B) MANAGUA 1524; (C) MANAGUA 1339;
(D) 77 MANAGUA 4215; (E) MANAGUA 1624

BEGIN SUMMARY: TEDDY PICADO, ERSTWHILE COSTA RICAN BUSINESS PARTNER
AND CRONY OF PRESIDENT SOMOZA, WHO WAS SENTENCED ALONG WITH ARTHUR
CHARITON ON CUSTOMS CHARGES, OBTAINED RELEASE FROM JAIL MAY 3, AP-
ARENTLY ON SOMOZA'S ORDERS. ALTHOUGH IT IS NOT CLEAR WHAT EFFECT,
IF ANY, PICADO'S RELEASE WILL HAVE ON THE DISPOSITION OF THE CHARITON
CASE, IT IS A SOMEWHAT ENCOURAGING DEVELOPMENT. END SUMMARY
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1. TEODORO "TEDDY" PICADO, SON OF FORMER COSTA RICAN PRESIDENT,
WEST POINT GRADUATE, AND ERSTWHILE BOSOM CRONY OF PRESIDENT SOMOZA,
WAS RELEASED FROM PRISON MAY 3. LAST SEPTEMBER, MANAGUA'S CUSTOMS
AUTHORITIES HAD ADMINISTRATIVELY SENTENCED PICADO, ARTHUR CHARITON
AND OTHERS SIX MONTHS IMPRISONMENT AND A JOINT EIGHTEEN MILLION
CORDOBA FINE (APPROXIMATELY \$2.6 MILLION) (REF D). A FINANCE

MINISTRY TRIBUNAL SUBSEQUENTLY UPHELD THAT SENTENCE AGAINST PICADO AND CHARITON (REF C).

2. ON MAY 3, PICADO AND HIS AMCIT WIFE VISITED EMBASSY AND SAID THAT PICADO HAD BEEN RELEASED ON THE ORDERS OF PRESIDENT SOMOZA. THEY WOULD ONLY COMMENT THAT THE CUSTOMS MATTER WAS NOW SETTLED AND NO FINE HAD BEEN PAID. THEY SAID THAT THE REASON GIVEN BY THE POLICE FOR HIS INCARCERATION SINCE LAST SEPTEMBER WAS A RESIDENCE VISA INFRACTION. (CHARITON'S LOCAL ATTORNEY, ZELAYA, VISITED EMBASSY MAY 4 AND OPINED THAT CUSTOMS CHARGES AGAINST CHARITON WILL BE DROPPED IN LIGHT OF PICADO'S RELEASE, ALTHOUGH ZELAYA HAS NOT HAD ANY OFFICIAL NOTIFICATION OF THIS.)

3. WHEN EMBOFF ASKED PICADO WHETHER HE THOUGHT CHARITON, TOO, MIGHT SOON BE RELEASED FROM IMPRISONMENT, PICADO REPLIED THAT IT UP TO CHARITON TO MAKE A FINANCIAL SETTLEMENT WITH SOMOZA'S BANK (BANCO DE CENTROAMERICA). MRS PICADO SAID THAT SHE AND HER HUSBAND HAD URGED CHARITON TO REACH SUCH A SETTLEMENT IF HE HOPED TO GET OUT OF JAIL. SHE NOTED THAT CHARITON, WITH WHOM HER HUSBAND HAD SHARED A CELL AS RECENTLY AS LAST WEEK, HAD OFFERED TO PAY THE BANK \$125,000 IN SETTLEMENT OF ITS REMAINING \$250,000 IN CLAIMS AGAINST HIM. (COMMENT: WE ARE NOT SURE WHETHER MRS. PICADO WAS CORRECT AS TO CHARITON'S ALLEGED LATEST OFFER. TO BEST OF OUR KNOWLEDGE, CHARITON'S ATTORNEYS HAD ONLY BEEN WILLING TO OFFER THE BANK A TOTAL OF \$75,000, IN INSTALLMENTS.)

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4. THE PICADOS INDICATED THAT THEY WOULD DEPART NICARAGUA IMMEDIATELY FOR COSTA RICA.

5. COMMENT: WE SUSPECT THAT AMONG THE REASONS FOR PICADO'S RELEASE MAY BE THE UPCOMING INAUGURATION OF A NEW COSTA RICAN PRESIDENT. WE UNDERSTAND THAT PICADO'S FAMILY IN COSTA RICA HAS BEEN PUTTING PRESSURE ON THE GON TO SECURE HIS RELEASE AND THAT PICADO IS RELATED TO COSTA RICA'S NEW FOREIGN MINISTER-DESIGNATE. WHILE IT IS STILL TOO EARLY TO FEEL CONFIDENT THAT MOVEMENT ON PICADO'S CASE MAY PRESAGE A SOLUTION OF THE CHARITON AFFAIR, PICADO'S RELEASE IS AN ENCOURAGING DEVELOPMENT. MAY 25, INCIDENTALLY, WILL MARK THE FIRST ANNIVERSARY OF CHARITON'S INITIAL ARREST ON THE BANK FRAUD CHARGES. SOLAUN
UNQUOTE VANCE

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